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STATE FOR EAP/PMBS
NSC FOR GREEN
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DSCA FOR ROSS

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TAGS: [MOPS](#) [MARR](#) [PREL](#) [PINS](#) [MG](#) [ID](#) [AS](#) [RP](#)

SUBJECT: PDR SHIFTING TO THE IMPLEMENTATION PHASE

Classified By: (U) Political Officer Paul O'Friel
for reasons 1.4(b) and (d).

[11.](#) (C) SUMMARY. Under the personal direction of Defense Secretary Cruz, Philippine Defense Reform (PDR) is moving to

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the implementation phase. The GRP has requested three additional US experts to complement the nine already in place to carry out an ambitious, but well thought through agenda of reforms ranging from logistics to operations. The April 28 US-RP progress review discussions included for the first time Australia, which the GRP believes can play a complementary or "niche" role in PDR. Secretary Cruz plans to attend the upcoming annual Shangri-La Dialogue in Singapore. We recommend the senior US officials set aside time in Singapore to engage Cruz on PDR and other strategic defense issues.
END SUMMARY.

PDR A CORNERSTONE IN US-RP DEFENSE RELATIONSHIP

[12.](#) (SBU) Secretary of National Defense Cruz meet at length on April 28 with the US Executive Steering Committee before the start of the PDR progress review later that day. The US delegation was composed of Defense Security Cooperation Agency (DSCA) Director for Middle East, Asia, and North Africa Ed Ross, Office of the Secretary of Defense/International Security Affairs Principal Director for Asian Pacific Affairs Brigadier General John Allen, Joint Staff Deputy Director for Asia Brigadier General Jeff Remington, and US Pacific Command J4 (Logistics) Brigadier General James Kennon. In the pre-brief with Cruz, Ambassador Ricciardone stressed the importance of PDR to the US-Philippine defense relationship. He urged the Philippine Defense Secretary and the Armed Forces of the Philippines (AFP) leadership to err on the side of boldness in pursuing reform. The AFP and Department of National Defense (DND) were the only key institutions in the Philippines with an action plan for reform. If they succeeded, they could blaze a path for other institutions, such as the Philippine National Police (PNP) and the judiciary, to follow.

[13.](#) (SBU) Cruz expressed appreciation for US support, saying he believed the effort was achievable, sensible, and long overdue. DSCA Director Ed Ross, the chair of the US Executive Steering Committee, noted while PDR was off to a good start, a tremendous amount of work remained to be done to ensure reforms in the AFP penetrated down to the common soldier. Responding to this point, AFP Chief of Staff General Efren Abu emphasized his commitment to implement PDR and ensure individual soldiers understood "what we're doing and why."

[14.](#) (C) Secretary Cruz said that he was achieving success by moving systematically to reach out to other elements of the Philippine government. The Department of Management and Budget (DMB) had previously been reluctant to approve disbursement of even appropriated funds. Reassured by the seriousness of the PDR effort, the DMB had begun to loosen its purse strings and had started to allocate P460 million (roughly \$7.9 million) each month to the Modernization Trust Fund, something it had refused to do for four years. "It is important bureaucratically to get DMB and the National Economic Development Agency (NEDA) involved in the process," Cruz stated.

POTENTIAL AUSTRALIAN ROLE

[15.](#) (C) Noting Secretary Cruz's discussions on PDR with the Australian defense staff during his April 9-16 visit to Canberra, BG Allen stated it was a useful and very positive development to have the Australians involved. (Note: The Australian Defense Attache and a Political Officer of the Australian Embassy attended the general discussions, and also met earlier with the US team. End note.) It was important to pursue PDR efficiently and to deconflict assistance, he added. Potentially, cooperation on PDR could serve as a model for other countries seeking to transform their militaries. (Note: Allen later observed similar processes

could benefit Indonesia and Mongolia. End note.)

PROGRESS REVIEW INDICATES
CLEAR TRANSITION FROM PLANNING TO IMPLEMENTATION

16. (SBU) The subsequent PDR progress review discussions involved Cruz, his senior Undersecretaries, the senior AFP leadership, and representatives of the Department of Foreign Affairs, and examined in detail the status of each of the PDR's ten different plans of action and milestones (POA&Ms). Secretary Cruz in his opening remarks stated the USG's steady

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support had been invaluable in helping the PDR overcome some birth pains. While great strides had been made so far, the key to success, he believed, was to ensure effective implementation. Ambassador Ricciardone reiterated to the general audience that PDR is one of the most important elements of USG engagement with the Philippines. Real resources from both governments were devoted to the effort. Each meeting of the Executive Steering Committee had broken new ground; this time with the involvement of the Australians. Improvements in field operations by the AFP, such as recent engagements involving night helicopter insertions, night movement to contact, and night casualty evacuations, were testimony to what the two countries were doing, and how far they had come together. "Count on us to be in your corner," he said, "But you must lead your own reforms."

17. (SBU) The Philippine PDR briefings discussed how to implement PDR effectively. Internally, the DND intends to establish two new Assistant Secretary positions under Undersecretary for Philippine Defense Reform Carolina, one dealing with program management and the other focused on program evaluation, which would be responsible for research, strategic communications, budget, and legislative issues. Each DND Undersecretary, e.g., Operations, Policy and Plans, Finance, Acquisition, etc., would act as program sponsor for implementing one or more POA&Ms in cooperation with corresponding program managers on the AFP "J" staff. Subordinate project managers would ensure buy-in at all levels.

REQUEST FOR THREE NEW US EXPERTS

18. (SBU) The DND also proposed creation of a Joint RP-US group that could quickly resolve issues, such as establishment of performance measures, effective use of the US Subject Matter Experts (SMEs), meshing US Defense Resource Management Service (DRMS) support with PDR, and future PDR budgets. SMEs would be fully integrated. They would advise on policy, planning, and implementation; propose realistic solutions to implementing PDR; and transfer their skills to their Philippine counterparts. The AFP requested three more SMEs in the areas of military education, enlisted development, and operations and training, in addition to the nine member team already on the ground.

AUSTRALIA COULD PROVIDE "NICHE" EXPERTISE

19. (SBU) DND officials described Australian involvement in PDR as complementary to the ongoing US-RP bilateral effort. They noted that Australia's military, because its size was closer to that of the Philippines, could potentially provide "niche" expertise in such areas as strategic planning, joint doctrine, commercial support, professional military education, organization and manpower, maritime security, and project management. For example, the AFP, in order to ensure a common vision between DND and AFP counterparts, needed help in setting up a short, tailored PDR training course for newly designated project managers. Assistance in this regard could come from either the US or Australia, which could also provide a SME to assist with development of a DND and AFP strategic planning cadre.

"SELLING" PDR

10. (C) The AFP's and DND's plans to "sell" PDR call for "embedding" DND/AFP advocates on legislative staffs and networking with the Cabinet and other key government institutions to gain support for the reform effort. Well developed budgets and plans focused on realistic objectives would be used to develop, justify, and account for a multi-year defense budget. Pointing to the successes already achieved with the Department of Management and Budget (DMB), Cruz noted the DMB had not previously comprehended the DND's and AFP's situation and problems. Now, Cruz said, the DMB was making an effort "to understand our predicament and appreciate we are proposing realistic solutions to real problems." Thanks to the PDR plan, DMB Secretary Boncadin, notoriously "married to her job" and "stingy" in releasing

funds to GRP agencies, evidently "was becoming convinced" of the merits of the PDR budget requirements, as she recently had released funds more readily.

"ONE BUDGET CONCEPT"

11. (SBU) Under the "One Budget Concept," scarce resources would be allocated where they are needed most, and not held hostage by individual services. The comptroller function would be institutionalized, and a defense-wide centrally-administered acquisition system and a professional acquisition force established. Supporting these and other functions would be a defense-wide information management infrastructure with integrated software applications.

PRACTICAL OPERATIONAL AND LOGISTICS FOCUS

12. (SBU) AFP operational aspirations for PDR are practical, with the immediate focus on developing combat life saving skills and deploying a forward surgical support unit. Under review are efforts to determine the optimum period for pre-deployment training, unit rotation policy, and combat operations. Training for enlisted personnel, noncommissioned officers, and officers are also targeted. Although not fully developed, efforts are underway to organize and integrate civil military operations into AFP doctrine, and develop the ability to conduct medical civic action programs (medcaps), dental civic action programs (dencaps), and engineering civic action programs, (encaps).

13. (SBU) Logistics concerns include weapons and ammunition management, explosive safety, disposal of obsolete munitions, and reorganization of the logistics structure to minimize cost while retaining operational readiness. Procurement efforts under the Capability Upgrade Program would address immediate shortfalls to support overall defense strategies and PDR priorities. The PDR Logistics Team effort needs to transition fully into the PDR program, but has succeeded in boosting operational readiness rates for key platforms. The UH-1H overall readiness rate stood at 80-percent, while that of MG-520s stood at 74.5-percent. The goal was to establish effective maintenance and sustainment for all systems and platforms that increased or enhanced mission capability.

PLANNING MEETING SET FOR JUNE 2005

14. (SBU) The Executive Steering Committee decided to defer discussion of payment mechanisms, e.g., Foreign Military Sales, to a working group that would study the issue and provide recommendations on a system for making spending decisions that complied with US and Philippine law. Both sides concurred on the need to synchronize the US Defense Resource Management Service (DRMS) and Defense Acquisition Service (DAS) support effort with PDR. A planning meeting was set for June to examine the way ahead on the 2005 and 2006 effort, develop the final POA&Ms, and continue detailed planning on current priorities.

COMMENT

15. (C) The detailed nature of the PDR progress review is convincing evidence that a full transition from planning to implementation is now underway. Cruz's presence and that of his senior staff throughout the day-long discussions are testimony to hands-on involvement and personal commitments to see the effort through. Cruz plans to attend the June 3-5 Shangri-La Dialogue in Singapore. We recommend the senior US participants seize the opportunity to engage Cruz on PDR and other strategic mutual defense issues.

16. (U) Mr. Ross and BG Allen have reviewed this message.

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